

FINAL



**STANDARD PROCEDURES FOR PROCESSING OVERAGED SUSPENSE
ACCOUNT TRANSACTIONS NOT COVERED BY PUBLIC LAW 107-314**

OCTOBER, 2004

DIRECTOR, ACCOUNTING SERVICES

SUMMARY OF CHANGES

Section	Date of Change	Changes
2.1.F.4.	October, 2004	Expanded the list of transaction types that are exempt from chargeback rules in order to reflect preexisting DODFMR and DCAS policies.

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CHAPTER 1

OVERVIEW

1.1 BACKGROUND

- A) After January 2001, the Department's suspense account balances continued to increase despite the existence of DOD regulation, which stated that all transactions placed in clearing accounts on or after January 1, 2000 should have been researched and resolved within the timeframes prescribed by the DoD FMR Vol. 3 Chapter 11.
- B) The increase of suspense account balances resulted in an intensified focus on reconciling and clearing aged outstanding balances. As part of this effort, Congress passed a one-time legislation (Public Law 107-314) intended to assist in the clearance of transactions placed into suspense accounts prior to March 1, 2001. According to the legislation, suspense account transactions meeting the date requirement, among other criteria, were to be either charged to miscellaneous receipts of the Treasury or completely written off.
- C) The DoD has since begun the process of identifying transactions to be written off. Public Law 107-314 established December 2, 2004 as the final deadline to complete the write-off process.

1.2. SCOPE AND APPLICABILITY.

- A) These procedures shall cover all transactions remaining in suspense accounts after the Public Law 107-314 write-off process referred to above is complete, as well as all transactions posted to suspense accounts after March 1, 2001.
- B) These procedures shall be applicable to all DFAS Centers and Field Sites.
- C) The policy and procedures contained herein shall be effective immediately upon official publication (October, 2003).
- D) The following suspense accounts are covered by this guidance:
 - 1 F3875 – Budget Clearing Account
 - 2 F3880 – Unavailable Check Cancellations and Overpayments (Suspense)
 - 3 F3885 – Undistributed Intergovernmental Payments (Interfund)
 - 4 F3885.007 – Undistributed Intergovernmental Payments and Collections (IPAC)

1.3. PURPOSE

The procedures contained herein set forth general accounting policy and procedural guidance for Treasury Budget Clearing Accounts (suspense accounts). These procedures and practices include a description of the proper use of suspense accounts, guidance on preventing aged transactions or clearing them should they occur, and various requirements on reporting and

reconciliation of suspense accounts. This document provides overall guidance, not detailed operating procedures. Therefore, the procedures contained herein shall be used in conjunction with the DoD FMR Vol 3, Chapter 11.

CHAPTER 2

REGULATION & OTHER POLICIES

2.1. REGULATION AND RELATED POLICIES.

- A) Clearing accounts temporarily hold collections or disbursements pending identification of the collection or disbursement transaction to the applicable receipt or expenditure budgetary account. A clearing account is identified by an “F” preceding the last 4 digits of an appropriation. Clearing accounts may be used for recording many types of transactions such as receipts, collections, remittances, disbursements, etc. [DOD FMR Vol. 3, Ch. 11, Par. 111501]
- B) A disbursing officer (DO) (or accounting office) is responsible for citing a valid fund citation on a disbursement (or collection) transaction before transmitting the transaction to a center or the Treasury Department. Clearing accounts shall not be used as a “default” fund citation when a valid fund citation is not known or not provided for a transaction. Nor shall clearing accounts be used initially to transmit transactions to a DFAS Center or the Treasury Department. [DOD FMR Vol. 3, Ch. 11, Par. 111501.A.] The exceptions to this rule are:
 - 1 for those collections that a Disbursing Officer receives for which the appropriation to be credited cannot be identified within the 24-hour timeframe allowed for collections to be deposited, and
 - 2 for Treasury corrections.
- C) Both DFAS and non-DFAS accounting offices shall make every effort to maintain minimal balances in clearing accounts. All transactions in clearing accounts made on or after January 1, 2001, shall be researched and resolved within the following timeframes:
- D) Each unidentified collection (except for those in account F3880) that is not cleared in 60 days from the date of receipt shall be transferred to the Treasury Miscellaneous Receipt Account “R3210, General Fund Proprietary Receipts, Defense Military, Not Otherwise Classified”.
 - 1 If the transfer is found to be in error, or if the collection is identified at a later date, the accounting office shall either:
 - a. reverse the original transaction if still in the same fiscal year, or
 - b. contact the applicable Treasury POC for guidance and authorization on reversing the transaction if in a different fiscal year .
 - 2 The “exempt uses” identified on the accounting office’s monthly Suspense Account Report (SAR) shall be excluded from this requirement.

- E) Each disbursement to the public (other than a federal government organization) transaction recorded in account F3875 shall be transferred to its proper expenditure account within 60 days.
- F) In all cases, a request shall be immediately made to the paying DO to provide the necessary documentation to clear the charge from the budget clearing account. The DO shall request the documentation from the certifying officer and entitlement activity if necessary (e.g., if the payment was made at a consolidated disbursing activity based on an electronic voucher and the supporting documentation is retained locally).
 - 1. If the documentation is not provided and the transaction cannot be resolved within 60-days, the transaction shall be charged back to the appropriate DO.
 - 2. The DO shall have 60 days to either properly clear the transaction or process it as an Erroneous Payment in accordance with Chapter 6 of DoDFMR Volume 5.
 - 3. The "exempt uses" identified on the accounting office's monthly Suspense Account Report (SAR) are excluded from this requirement.
 - 4. In accordance with Volume 3, Chapter 11 of the DODFMR, DFAS Regulation 7310.1-M, "Defense Cash Accountability System", and the DOD Comptroller's February 11, 2002 memorandum "Revised Obligation Policy for Unmatched Disbursements and Negative Unliquidated Obligations, the following types of transactions shall not be charged back:
 - a) Transactions 90 or 120 days from identification as an Unmatched Disbursement (UMD) or a Negative Unliquidated Obligation (NULO). The 90 – day period applies to collocated disbursements, and the 120 – day period applies to non-collocated disbursements.
 - b) Transactions originating outside DoD, i.e., State Department or General Services Administration (GSA).
 - c) Transactions \$2,500 or less that cite your Treasury Index, appropriation, and station. (However, all transactions related to travel advances and settlements, civilian or military pay entitlements, and Foreign Military Sales (FMS) transactions can be charged back if \$2,500 or less.) This dollar threshold does not apply to Type 2 chargebacks, meaning the Paying Centralized Field Site Center) should charge back to its paying DSSNs amounts \$2,500 or less that are not distributed within 60 days from the date of payment. The logic being that the DSSN has not supported the payment.
 - d) Suspected fraudulent transactions. These should be reported immediately to the Defense Criminal Investigative Service. However, once a transaction has been determined legally to be fraudulent, it should be charged back immediately.
 - e) Mechanization of Contract Administration System (MOCAS) disbursements.
 - f) United States Transportation Command.
 - g) Transportation (DSSN 5052).

- G) Each transaction (disbursement or collection) placed in account F3880 shall be cleared in 60 days. After 60 days have elapsed, the transaction shall be cleared by processing back to the original appropriation or by transferring the collection to the Miscellaneous Receipt Account.
- H) Each interfund disbursement transaction recorded in account F3885 shall be transferred to its proper expenditure account within 6 months. If the disbursement transaction is not transferred to its proper expenditure account within 6 months, the accounting office shall record and obligate the disbursement in accordance with section 1105 of the DoDFMR, Volume 3.
- I) Each Undistributed IPAC Disbursement must be transferred to its proper expenditure account within 60 days. If the transaction cannot be cleared in 60 days, the transaction must be reversed, corrected and resubmitted to Treasury by the submitter or rejected in accordance with the IPAC rules.
- J) Each month the DFAS Central Sites shall submit an aged Suspense Account Report (SAR) to DFAS-Arlington (DFAS-AR). The report due date is issued on a yearly basis by DFAS-AR. The report shall reflect the amount and the age of each transaction that is in the clearing account at the end of a reporting month. A narrative that includes an estimated clearance date shall support each transaction over 60 days (180 for Interfund).

2.2. RESPONSIBILITIES.

The DFAS Centralized Sites shall ensure that the policy and procedural guidance established herein are implemented at all related DFAS Field Organizations. The DFAS Field Organizations shall follow the policy and procedural guidance established herein during the processing of all clearing account transactions. In regards to Other Defense Organizations, Capitalized Agencies shall be the responsibility of DFAS, and Non-Capitalized activities shall be responsible for processing their own suspense account transactions.